weekly economic review

June 14, 2013

Housing Starts

Alberta housing starts hit 5 year high

Alberta housing starts jumped to 41,438 in May (seasonally adjusted at annual rate, SAAR), the highest level in five years. May's starts were 6.3% above the previous month and a staggering 23.6% above the same month last year. Housing starts have been strong so far in 2013, averaging 36,300.

Nationally, May's housing starts increased over April (+13.8%), showing growth in each province except for Quebec, Manitoba and B.C. However, starts dropped on a year-over-year basis for the sixth straight month (-7.9%), reflecting declines in Newfoundland, New Brunswick, Quebec, Ontario, Manitoba, and B.C.

New Housing Price Index (NHPI)

Alberta's house prices gain momentum

New home prices in Alberta continue to accelerate after years of flat or negative growth. In April, Alberta's new home prices grew by 2.5% over the same month last year. The increase in prices was largely due to the housing component (+3.2%), however land prices also posted a modest gain (+1.0%). Price growth in Calgary led the province, increasing by 4.7% over April 2012. House prices in Edmonton grew by 0.4%.

At the national level new home prices were up 2.0% in April compared to the same month last year. April marked the third consecutive month that price growth in Alberta has exceeded the national average, ending a streak of almost five years of below average growth.

Manufacturing Shipments

Shipments still lag behind last year

Manufacturing shipments fell by 1.3% in April, the second straight monthly decline. This partially offsets strong gains in January and February.

On a year-over-year basis, shipments fell for the eighth consecutive month (-3.8%). Non-durable goods suffered broad-based decreases, with food manufacturing, petroleum & coal products and chemical manufacturing all realizing negative growth. Durable goods (1.2%) tempered the overall loss, climbing on the back of robust wood product manufacturing, which offset a drop in machinery manufacturing. Wood product manufacturing remains a bright spot, with April marking the fourteenth month of double digit year-over-year growth.

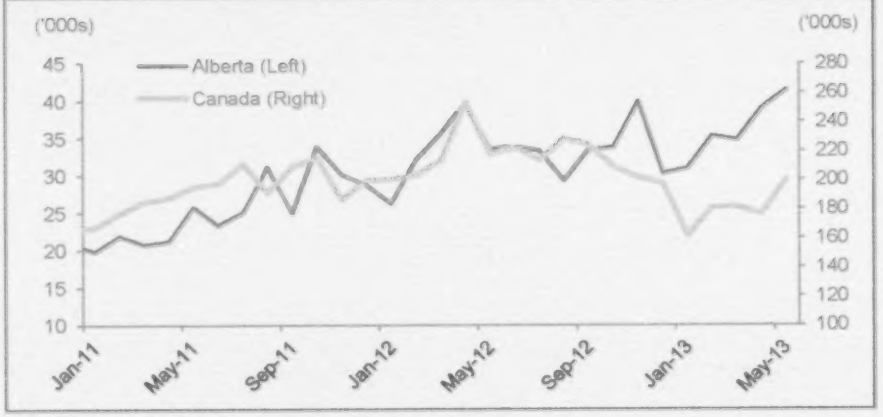
Nationally, manufacturing shipments were down 3.3% in April and, as in Alberta, have remained relatively flat since mid-2012.

Japanese Real GDP

Japan enjoys strong first quarter growth

Japanese real GDP grew at an annual rate of 4.1% in the first quarter of 2013, thanks to stronger household spending and an increase in net exports. Real Japanese exports increased at an annual rate of 16.1%, while imports only increased 4.0%. Exports were spurred in part by the substantial depreciation of the Japanese Yen that has occurred since November. Real household consumption expenditures increased by 3.6% as consumers spent a greater share of their income, which caused the savings rate to fall to a five-year low of 6.7%.

Housing Starts



Source: Statistics Canada

Closing Price	June 6, 2013	June 13, 2013	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	97.66	98.33	98.03
WTI Oil ($US/bbl)	94.76	96.69	93.70
NYMEX Natural Gas($US/MMBtu)	3.83	3.81	4.08

Alberta Economic Indicators

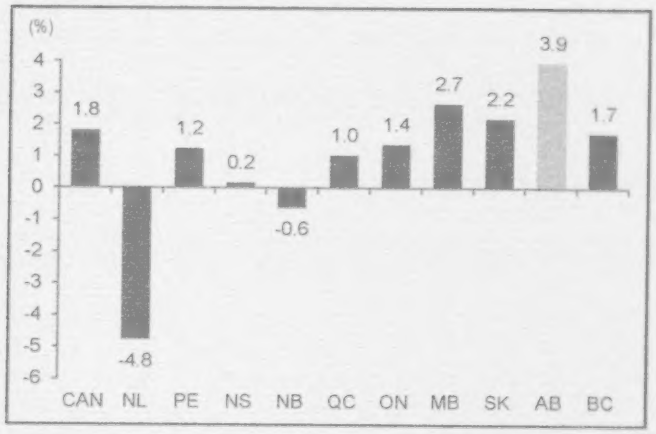
Population	2011	2012	2013YTD	Dec	Jan	Feb	Mar	Apr	May
Population (000's)	3,778	3,874	3,931	..	3,931	..	..	..	..
y/y % change	1.5	2.5	3.0	..	3.0	..	..	..	..
Net Interprovincial Migration[1]	8,443	28,170	25,448	..	11,533	..	..	..	..
Net International Migration[1]	16,703	37,990	17,165	..	6,296	..	..	..	..
Net Non-permanent Residents[1]	-7,604	9,721	2,813	..	1,193	..	..	..	..
Labour Market									
Employment (000's), SA	2,094	2,150	2,181	2,165	2,175	2,179	2,168	2,183	2,201
y/y % change	3.8	2.6	2.1	1.5	1.9	2.5	1.7	1.9	2.3
Unemployment Rate (%), SA	5.4	4.6	4.6	4.5	4.5	4.5	4.8	4.4	4.8
Participation Rate (%), SA	73.7	73.4	72.8	72.9	72.9	72.9	72.6	72.5	73.3
Average Weekly Earnings ($), SA	1,035.75	1,072.98	1,098.18	1,095.14	1,083.82	1,099.51	1111.20	..	..
y/y % change	4.4	3.6	4.0	3.9	3.0	4.5	4.6	..	..
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	0.7	0.0	-0.5	0.9	1.2	1.3	..
Excluding food and energy	0.8	1.3	1.1	1.1	0.8	1.4	1.2	0.9	..
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	3.8	1.4	3.0	..	..	1.4	..	..
Farm Product Price Index (y/y % change)	17.7	6.4	4.6	3.9	4.1	5.2	4.4	..	..
Crops	18.7	6.5	9.3	6.8	8.7	9.8	9.3	..	..
Livestock	16.9	6.2	0.2	1.5	-0.2	1.1	0.1	..	..
Household Sector									
NEW: Housing Starts (SAAR, 000's)	25.7	33.4	36.3	30.2	31.0	35.3	34.7	39.0	41.4
y/y % change	5.1	29.9	8.8	5.5	18.3	10.4	..	-1.7	23.6
NEW: New Housing Price Index[3] (y/y % change)	0.4	1.3	2.4	1.9	2.2	2.6	2.4	2.5	..
Edmonton	0.9	0.9	0.7	1.0	0.9	1.0	0.6	0.4	..
Calgary	0.1	1.7	4.1	3.1	3.3	4.3	4.3	4.7	..
MLS Average Resale Prices ($ 000's)	352.7	362.0	375.6	372.2	367.6	380.1	380.4	374.3	..
y/y % change	0.5	2.6	5.1	5.2	6.6	4.5	5.9	3.4	..
Edmonton ($ 000's)	324.2	333.7	342.5	345.9	337.6	344.0	348.9	339.4	..
y/y % change	-0.7	2.6	2.7	4.4	1.6	2.8	5.4	1.0	..
Calgary ($ 000's)	401.9	410.8	429.3	436.0	422.5	436.7	433.9	423.9	..
y/y % change	1.1	2.2	7.2	8.3	12.4	5.7	6.3	4.6	..
Retail Sales, SA (y/y % change)	6.8	6.9	5.5	2.8	4.3	7.4	4.7	..	..
New Motor Vehicle Sales (y/y % change)	9.6	10.5	3.0	0.7	3.6	6.5	-0.1	..	..
Consumer Bankruptcies	7029	5759	1287	346	446	412	429	..	..
y/y % change	13.8	-18.1	-20.5	28.4	13.7	22.7	-24.5	..	..
Business Sector									
Rigs Drilling	286	250	303	287	368	422	306	115	88
y/y % change	30.4	12.6	-9.5	-16.6	8.2	-8.1	-9.4	-18.2	0.0
Goods Exports, customs based (y/y % change)	18.4	1.8	1.5	-13.1	1.3	2.0	1.5	1.4	..
Energy	19.2	2.1	1.6	-16.9	1.0	3.9	0.7	0.9	..
Farm, Fishing and Intermediate Food	27.2	20.6	2.2	20.0	3.8	6.7	5.3	6.2	..
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	9.3	10.1	..	..	9.3	..	..
NEW: Manufacturing Shipments, SA (y/y % change)	17.3	3.4	-2.9	-5.8	-3.5	-1.0	-3.2	-3.8	..
Wholesale Trade, SA (y/y % change)	14.7	10.8	4.0	3.7	3.1	6.2	2.8	..	..
Building Permits, SA (y/y % change)	11.8	14.8	22.9	-5.4	24.7	19.9	38.6	10.0	..
Residential	5.2	18.2	14.6	2.2	21.2	7.8	14.6	15.4	..
Non-residential	20.9	10.7	33.5	-13.0	30.6	38.1	72.1	5.0	..
Business Bankruptcies	264	230	36	16	10	14	12	..	..
y/y % change	30.2	-12.9	-43.8	-11.1	-50.0	-44.0	-36.8	..	..

1 Quarterly, annual numbers are presented on a census year basis (July 1– June 30)
2 Quarterly average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate

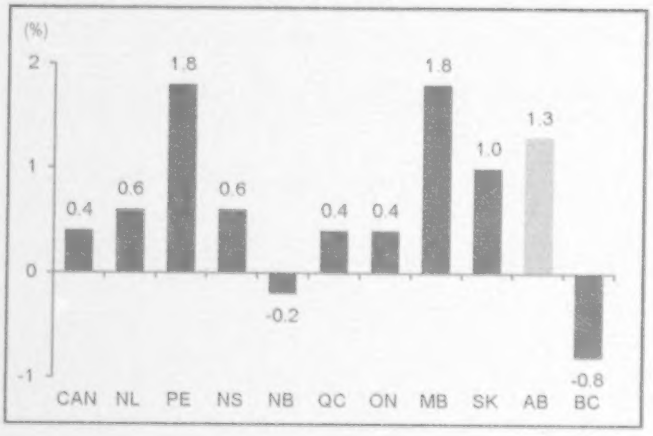
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada)

Economic Indicators by Province

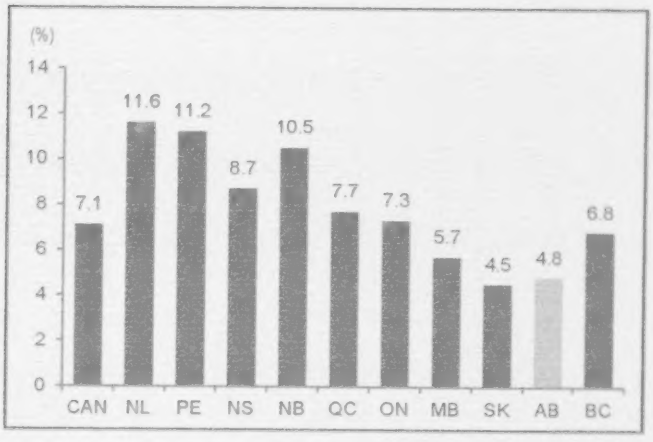
Real GDP by Industry
(2012, year-over-year growth)



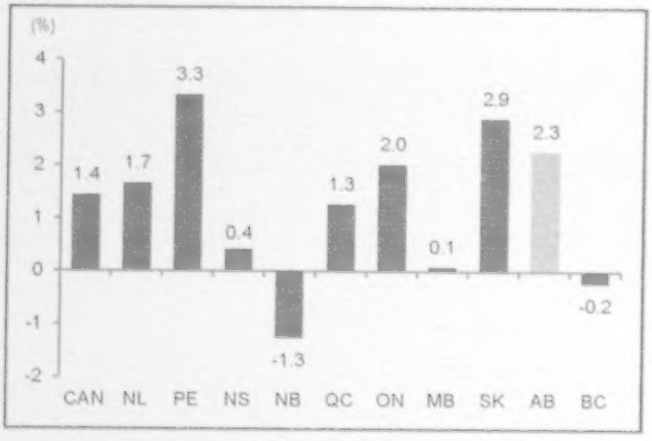
CPI Inflation
(April 2013, year-over-year growth)



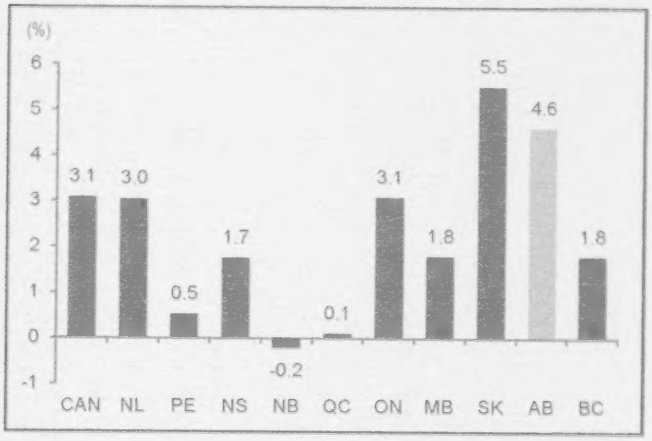
Unemployment Rate
(May 2013)



Employment
(May 2013, year-over-year growth)



Average Weekly Earnings
(March 2013, year-over-year growth)



Housing Starts
(May 2013, SAAR, year-over-year growth)